

UNITED STATES OF AMERICA  
POSTAL REGULATORY COMMISSION  
WASHINGTON, DC 20268-0001

Before Commissioners:

Robert G. Taub, Chairman;  
Mark Acton, Vice Chairman;  
Tony Hammond; and  
Nanci E. Langley

Periodic Reporting  
(Proposal Six)

Docket No. RM2017-10

NOTICE OF PROPOSED RULEMAKING ON  
ANALYTICAL PRINCIPLES USED IN PERIODIC REPORTING  
(PROPOSAL SIX)

(Issued August 1, 2017)

I. INTRODUCTION

On July 28, 2017, the Postal Service filed a petition pursuant to 39 CFR 3050.11 requesting the Commission to initiate an informal rulemaking proceeding to consider proposed changes to an analytical method related to periodic reports.<sup>1</sup> The Petition identifies the proposed analytical method changes filed in this docket as Proposal Six.

II. PROPOSAL SIX

*Background.* In January 2016, the Postal Service removed the originating network distribution center and network distribution center presort price categories for

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<sup>1</sup> Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Six), July 28, 2017 (Petition).

Parcel Select and the return network distribution center price category for Parcel Return Service (PRS). Petition, Proposal Six at 1. The Postal Service states that “[d]uring the process of modifying these models to remove the portions of the cost studies related to the discontinued price categories, the Postal Service detected some minor errors that required correction.” *Id.* The Postal Service conducted a review of these models to “ensure that they reflected current processing methods” and determine if new data could be incorporated. *Id.*

*Proposal.* The Postal Service seeks to revise the mail processing and transportation cost models for Parcel Select and PRS mail. The proposed changes update the cost models, correct errors, incorporate new data, and re-evaluate some assumptions and methodologies.

*Impact.* The Postal Service estimates that its proposed changes will result in adjustments to both its mail processing and transportation models for Parcel Select and PRS mail.

For mail processing costs, the revisions will decrease Parcel Select Ground Machinable unit cost estimates by 3.4 percent. Petition, Proposal Six at 15, 18. The proposed changes will result in six adjustments to PRS mail processing costs, including a decrease of more than 30 percent in return delivery unit oversize costs. *Id.*

The transportation cost adjustments incorporate methodology changes approved by the Commission in Order No. 3973<sup>2</sup> with the cost model changes the Postal Service proposes in this docket. The resulting Parcel Select cost decreases range from 6.4 to 94.6 percent. Petition, Proposal Six at 15-16, 19. Additionally, the transportation cost for destination sectional center facility rates will increase by 193 percent. *Id.* at 16, 19. The PRS costs for return sectional center facility will decrease by almost 26 percent. *Id.*

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<sup>2</sup> Docket No. RM2016-12, Order on Analytical Principles Used in Periodic Reporting (Proposal Four), June 22, 2017 (Order No. 3973).

### III. NOTICE AND COMMENT

The Commission establishes Docket No. RM2017-10 for consideration of matters raised by the Petition. More information on the Petition may be accessed via the Commission's website at <http://www.prc.gov>. Interested persons may submit comments on the Petition and Proposal Six no later than September 15, 2017. Pursuant to 39 U.S.C. 505, Lyudmila Y. Bzhilyanskaya is designated as officer of the Commission (Public Representative) to represent the interests of the general public in this proceeding.

### IV. ORDERING PARAGRAPHS

*It is ordered:*

1. The Commission establishes Docket No. RM2017-10 for consideration of the matters raised by the Petition of the United States Postal Service for the Initiation of a Proceeding to Consider Proposed Changes in Analytical Principles (Proposal Six), filed July 28, 2017.
2. Comments by interested persons in this proceeding are due no later than September 15, 2017.
3. Pursuant to 39 U.S.C. 505, the Commission appoints Lyudmila Y. Bzhilyanskaya to serve as an officer of the Commission (Public Representative) to represent the interests of the general public in this docket.
4. The Secretary shall arrange for publication of this Order in the *Federal Register*.

By the Commission.

Stacy L. Ruble  
Secretary